

Message Text

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ACTION COME-00

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FM AMEMBASSY PARIS

TO SECSTATE WASH DC 3156

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E.O. 11652: N/A

TAGS: BMEP, FR

SUBJ: MAJOR PROJECT - GAS TURBINE ENGINES FOR CORVETTE C-70
PROGRAM

REF: STATE 172242

1. EMBASSY PLEASED SEE REFTEL REQUESTING SUPPORT IN
MAJOR PROJECT AND WILL WELCOME SUCH GUIDANCE IN CASES
OTHER MAJOR EXPORT POSSIBILITIES.

2. PRATT-WHITNEY AND GE HAVE RECEIVED CONTINUOUS
SUPPORT FROM MAAG, NAVATT, AND OTHER EMBASSY STAFF OVER
LAST TWO YEARS WHILE INVOLVED IN THESE NEGOTIATIONS.
H.P. JOLLY, UNITED AIRCRAFT VICE PRESIDENT AND REP IN
PARIS, HAS EXPRESSED HIS COMPLETE SATISFACTION IN THIS
REGARD. ON SEPTEMBER 7 AMBASSADOR, COMMERCIAL COUNSELOR,
AND MAAG OFFICERS MET WITH JOLLY FOR FURTHER EXCHANGE
INFORMATION. WE TOLD HIM WE WOULD CONSIDER POSSIBLE
AVENUES OPEN FOR SUPPORT THIS PROJECT. HE EXPLAINED
THAT WHILE PRATT & WHITNEY PRODUCT WOULD BE MORE COSTLY
THAN ROLLS ROYCE (HE ESTIMATED 10-15PERCENT), P&W ENGINES
WERE MORE POWERFUL AND HIS FIRM'S OFFSET PROPOSALS
SHOULD BE MORE ECONOMICALLY ADVANTAGEOUS TO FRENCH.
HE EVIDENCED SAME CONCERN AS EXPRESSED IN REFTEL THAT
CONTRACT WOULD GO TO ROLLS ROYCE FOR POLITICAL REASONS
AND SUGGESTED THAT PERHAPS AMBASSADOR MIGHT PERSONALLY

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TALK WITH MINISTER OF DEFENSE GALLEY. HE ALSO SUGGESTED
THAT CONSIDERATION BE GIVEN TO PLACING SUBJECT ON AGENDA

FOR FORTHCOMING MEETING OF SECRETARY OF DEFENSE SCHLESINGER
AND MINISTER OF DEFENSE GALLEY.

3. DISCUSSIONS LAST WEEK WITH SOURCES WITHIN FRENCH
NAVY INDICATE THAT NAVY OPTED FOR P&W ENGINES. HOWEVER,
SAME SOURCES INTIMATE 90 PERCENT CHANCE WILL GO TO ROLLS ROYCE
AS OFFSET AGAINST UK PURCHASE OF EXOCET MISSILES.
SOURCE WITHIN DEFENSE PROCUREMENT OFFICE, MINISTRY OF DEFENSE,
STATED LAST WEEK THAT P&W PROPOSAL, DOCUMENTATION, AND PROMPT
COMPLETE REPLIES TO ALL SUBSEQUENT QUESTIONS ONE OF
BEST EFFORTS EVER MADE BY AN AMERICAN FIRM. PAREN-
THETICALLY, HE INDICATED ROLLS ROYCE WAS IN BETTER
POSITION BECAUSE OF QUOTE POLITICAL CONSIDERATIONS
UNQUOTE. HOWEVER, CHIEF OF MAAG WILL SEE BLANCARD,
DIRECTOR OF DEFENSE PROCUREMENT, TO DETERMINE CURRENT
GOF POSITION AT MINISTERIAL LEVEL/;

4. TOO MUCH PRESSURE AT THIS TIME COULD HAVE ADVERSE
IMPACT ON CURRENT AND FUTURE SALES EFFORTS THAT COULD BE
WORTH MUCH MORE. FOR EXAMPLE, GOF INTEREST IN HUGHES
AB/APG-63 PULSE DOPPLER RADAR, WORTH AN ESTIMATED
140 MILLION DOLLARS IN SALES.

5. IF WASHINGTON AGENCIES NONETHELESS BELIEVE STRONG
U.S. GOVERNMENT EFFORT REQUIRED, P&W PROPOSAL COULD
BE BROUGHT UP DURING FORTHCOMING WASHINGTON MEETING
BETWEEN SECRETARY OF DEFENSE SCHLESINGER AND MINISTER
OF DEFENSE GALLEY, BUT EMBASSY WOULD PREFER DEFER ITS
RECOMMENDATION SUCH APPROACH PENDING RESULTS MEETING
WITH BLANCARD. STONE

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